GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1088
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Loans from Money Lenders
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has any laws to check the money lenders giving loans to the farmers at high rate of interest and exploiting the farmers in several ways;

(b) if so, the details and the reaction of the Government thereto; and

(c) the number of money lenders against whom action has been taken under the existing laws during the last three years, State-wise?

Answer

The Minister of State in the Ministry of Finance

(a) to (c): The activity of money lending is regulated by State-specific money lending laws. However, following measures have, inter alia, been taken to extend institutional credit to farmers so as to reduce their dependence on non-institutional sources:

i. The Priority Sector Lending (PSL) directions of RBI mandate all Domestic Scheduled Commercial Banks to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture including loans to farmers. Further, a sub-target of 8% for small and marginal farmers has also been fixed.

ii. Loans to distressed farmers and to other persons (not exceeding Rs. 1,00,000/- per borrower)indebted to non-institutional lenders is an eligible category under PSL, to enable them to repay their debt to non-institutional lenders.

iii. In order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. and draw cash to satisfy their agricultural and consumption needs. The KCC Scheme has since been simplified. It has the provision of ATM enabled debit card with, inter alia, facilities of one-time documentation and built-in cost escalation in the limit, etc.

iv. To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.